

**EARNEST MONEY RECEIPT
AND
PURCHASE AGREEMENT**

This Agreement is made on this 23 day of April, 2012, by and between Robert G. Knudson, a single person, whose address is 228 NE 19th Avenue, Camas, WA 98607, (hereinafter referred to as "SELLER") and the KENAI PENINSULA BOROUGH, an Alaska municipal corporation, whose address is 144 North Binkley Street, Soldotna, Alaska 99669 (hereinafter referred to as "KPB").

WHEREAS, SELLER is the owner of that real property located in the Seward Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

*Lots 28 and 29, Block 2, Harbor View Subdivision, according to Plan No. 86-6,
Seward Recording District, Third Judicial District, State of Alaska*

(Assessor Parcel Nos. 144-011-15 and 144-011-14)

WHEREAS, KPB has offered to buy, and SELLER is willing to sell the above-described Property as evidenced by this Purchase Agreement;

NOW THEREFORE, in consideration of the promises herein contained, SELLER hereby agrees to sell to KPB, and KPB hereby agrees to buy from SELLER, the property on the terms and conditions as set forth below:

1. PURCHASE PRICE

The purchase price of the property is One-hundred Fifty Thousand dollars and NO cents (\$150,000.00). The Purchase Price shall be paid by KPB at time of closing. The purchase of the property and appropriation for the purchase are subject to borough assembly approval.

SELLER and KPB acknowledge that physical or environmental conditions may exist on the property which were not considered in establishing the purchase price. SELLER and KPB further acknowledge that such conditions may have a cost to cure that is undeterminable on the date of this Agreement. SELLER and KPB agree that if, through due diligence and inspection of the property, any such conditions are revealed having a cost to cure for KPB's purposes, the purchase price shall be subject to renegotiation by the parties. If upon inspection of the property KPB determines that that conditions of the property exist that are not acceptable KPB or if the parties cannot reach a revised agreement, then KPB shall be released from this agreement without penalty.

2. EARNEST MONEY RECEIPT

A down payment of \$1,000 paid by KPB is being held in the trust account of First American Title in Seward Alaska to be applied towards the purchase price of the property. The purchase of the property is subject to the approval of the KPB assembly, and if the KPB assembly fails to authorize the sale or if the SELLER breaches any of the terms of this agreement, the \$1,000.00 shall be returned to the KPB.

3. TITLE

Title shall be delivered at time of closing by Warranty Deed, which shall be issued to KPB. SELLER warrants and covenants that at the time of closing there shall be no liens or judgments recorded against SELLER in the same recording district in which the property subject to this purchase agreement is situated. Title shall be clear of liens and encumbrances except title is subject to reservations, easements, rights-of-way, covenants, conditions and restrictions of record.

4. ESCROW AND CLOSING COSTS

In addition to the purchase price, KPB agrees to pay for all closing costs in connection with this Agreement, including without limitation all escrow fees, title insurance charges, recording fees, bank charges, and 2012 real property taxes up to \$5000 aggregate. All costs will be paid in full at the time of closing.

5. CLOSING

Unless otherwise agreed in writing, closing will occur within 90 days of execution of the Purchase Agreement. At closing, KPB will pay the balance of the purchase price. Both parties will execute all documents required to complete the Purchase Agreement and, if applicable, establish an escrow account.

6. POSSESSION

Possession shall be delivered to KPB at time of recording.

7. EXTENSION OF TIME TO REMOVE PERSONAL PROPERTY

SELLER shall retain the right to store personal property on the premises as such personal property exists on the premises on the date of this agreement until May 15, 2013. SELLER shall peaceably take up and remove all personal property on or before said date. After said date, any personal property remaining on the premises shall be deemed abandoned and may be disposed of by KPB.

8. KENAI PENINSULA BOROUGH ASSEMBLY APPROVAL

Purchase of the property by the Kenai Peninsula Borough is subject to authorization by the Kenai Peninsula Borough Assembly and appropriation of funds. If the Kenai Peninsula Borough fails to enact an ordinance authorizing the purchase of the subject land and appropriation of funds, this agreement shall be terminated without penalty.

9. HAZARDOUS MATERIAL

SELLER covenants to the best of SELLER'S knowledge, that as the date of this agreement, except as specifically identified herein, the Property is free of all contamination from petroleum products or any hazardous substance or hazardous waste, as defined by applicable state or federal law, and there are no underground storage tanks or associated piping on the Property. SELLER agrees that no hazardous substances or wastes shall be located on or stored on the property, or any adjacent property by seller, owner or contractors, nor shall any such substance be owned, stored, used, or disposed of on the property or any adjacent property by SELLER, its agents, employees, contractors, or invitee's, prior to KPB'S ownership, possession, or control of the Property.

10. ENTIRE AGREEMENT

This Agreement and the documents referred to herein contain the entire agreement of the parties with respect to the subject matter hereof. Any changes, additions or deletions hereto must be made in writing and signed by both KPB and SELLER or their respective successors in interest. Provisions of this Agreement, unless inapplicable on their face, shall be covenants constituting terms and conditions of the sale and of the agreement to finance the sale, and shall continue in full force and effect until the purchase price is paid in full or this agreement is earlier terminated.

11. BREACH REMEDY

Prior to closing of the sale, in the event that KPB or SELLER fails to make any payment required, or fails to submit or execute any and all documents and papers necessary for closing and transfer of title within the time period specified in this agreement, the SELLER or KPB may terminate this Agreement.

12. MISCELLANEOUS

- A. Time. Time is of the essence in performance of this Agreement.
- B. Cancellation. This Agreement, while in good standing may be canceled in whole or in part, at any time, upon mutual written agreement by SELLER and the mayor. This Purchase Agreement is subject to cancellation in whole or in part if improperly issued through error in procedure or with respect to material facts.
- C. Notice. Any notice or demand, which under the terms of this Agreement or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address shown on the contract. However, either party may designate in writing such other address to which such notice of demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed received when deposited in a U.S. general or branch post office by the addressor.
- D. Interpretation. This Agreement shall be deemed to have been jointly drafted by both parties. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The interpretation and enforcement of this Agreement shall be governed by the laws of the State of Alaska. The titles of sections in this Agreement are not to be construed as limitations of definitions but are for identification purposes only.

13. PERMISSION TO INSPECT

SELLER hereby grants to KPB, its employees, agents and contractors permission to enter the property to perform such inspections, including but not limited to: soil sampling, water sampling, engineering studies, excavation of testholes, and other such investigations reasonably necessary to ascertain the condition of the property and to determine the nature and extent of buried debris, containers and other physical or environmental conditions of the property. KPB shall return the property to its original condition upon completion of its inspection and bear all risk and expense with its activities.

This Agreement has been executed by the parties on the day and year first above written.

KENAI PENINSULA BOROUGH:

SELLERS:

Mike Navarre, Mayor



Robert G. Knudson

Dated: _____

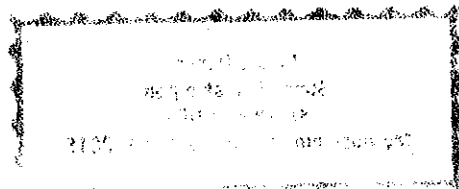
Dated: 8/23/12

ATTEST:

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Johni Blankenship,
Borough Clerk

Holly B Montague,
Deputy Borough Attorney



NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
)ss
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 23rd day of August, 2012, by Mike Navarre, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation, for and on behalf of the corporation.

Notary Public in and for Alaska
My commission expires: _____

NOTARY ACKNOWLEDGMENT

STATE OF WA)
)ss
COUNTY OF Clark)

The foregoing instrument was acknowledged before me this 23rd day of Aug, 2012, by Robert G. Knudson.



Kelly Jones
Notary Public in and for Washington
My commission expires: 8/1/15